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Mixed Q3; focus remains on maintaining leadership position

About the stock: Asian Paints (APL) is India's leading paint and décor company and ranks among the top 10 Decorative Coating companies globally. It has 27 in-house painting manufacturing facilities worldwide with installed capacity of 1.85mn kl/per annum. The company has retail touchpoints of 1.7 lakh retail touchpoints across India.

Q3FY26 performance: Consolidated revenues grew by 3.7% YoY Rs.8,867cr. Decorative paint business registered volume growth of 7.9% while revenues grew by 2.8% YoY. Consolidated gross margins improved by 197 bps YoY to 44.4% with raw material deflation witnessed at 1.1% and formulation efficiencies. EBITDA margins improved by 94bps YoY to 20.1%. EBITDA grew by 9% YoY to Rs.1781cr and the adjusted PAT grew by 5.4% YoY to Rs.1189.4cr.

Investment Rationale:

- **Focus initiatives can help in mitigating business sluggishness:** APL's management indicated that frequency of painting and occasional painting has witnessed some sluggishness affecting the momentum of the decorative paints segment in the recent past. The company is focusing on brand building initiatives, expanding services from home to industrial services, innovation and regionalisation to remain resilient and maintain steady volume growth (ahead of industry growth) in the near to medium term. Further the company's endeavour is to gain market share through innovation, focusing more on differentiated categories such as waterproofing/construction chemical and increase presence in B2B side of the business. Price increase from new players also indicates that, intense competition is gradually phasing out. We believe recent consolidation will take some time to become aggressive in the market.
- **Domestic decorative paints volume to grow by 8-10%:** APL's domestic decorative paints business volumes grew by 7.9%; lower than street expectation of 10-11% in Q3FY26. Lower than expected volume growth in the decorative paints was largely on account of lesser festive days and extended monsoon affecting exterior paints during the month of Oct,25. The company witnessed good recovery in the month of Nov,25 and Dec,25, which continued in the month of Jan,26. Further, the performance of decorative industrial (B2B) segment continues to be encouraging and is growing faster than decorative paint business. Rural demand has witnessed good recovery on back of better monsoons and good sowing season. Luxury/premium paints continue to witness strong demand, while at the mass end more focus is on upgrades from unorganised players. Hence, management is confident of achieving 8-10% volume growth, while volume-value gap will continue to remain at 4-5% in the coming quarters.
- **EBIDTA margins to remain at top end of 18-20% guidance:** Relatively benign input prices, high growth in the premium products and receding competitive intensity will help the EBIDTA margins to remain at the top-end of EBIDTA margin guidance of 18-20% in the quarters ahead. Further backward integration benefits will start coming in helping gross margins to remain high in the coming quarters.

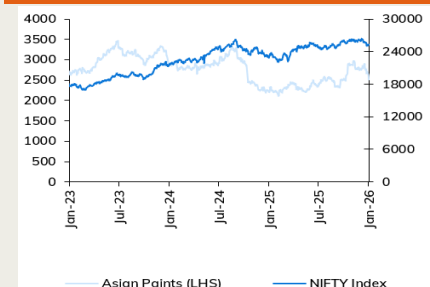
Rating and Target Price: We expect APL's revenues and PAT to grow at CAGR of 8% and 13% over FY25-28E. **We recommend Buy with a price target of Rs.3,055(valuing at 51x its FY28E EPS of Rs59.9).**

**Particulars**

| Particular | Amount |
|---------------------------------|--------------|
| Market Capitalisation (₹ crore) | 2,40,376 |
| Debt (FY25) - ₹ crore | 5,112 |
| Cash (FY25) - ₹ crore | 4,011 |
| EV (Rs crore) | 2,41,477 |
| 52 week H/L (₹) | 2986 / 2,125 |
| Equity capital (₹ crore) | 95.9 |
| Face value (₹) | 1 |

Shareholding pattern

| | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
|-----------|--------|--------|--------|--------|
| Promoters | 52.6 | 52.6 | 52.6 | 52.6 |
| FII | 12.2 | 11.9 | 11.6 | 12.8 |
| DII | 15.5 | 21.0 | 21.5 | 21.1 |
| Others | 19.6 | 14.5 | 14.2 | 13.5 |

Price Chart**Key risks**

- Sustained high competition from new entrant might put pressure on margins.
- Significant increase in the raw material prices to impact gross margins.
- Demand slowdown in the urban market would continue to impact decorative paints volume growth.

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Key Financial Summary

| Key Financials (₹ Crore) | FY23 | FY24 | FY25 | 2 year CAGR (FY23-25) | FY26E | FY27E | FY28E | 3 year CAGR (FY25-28E) |
|--------------------------|---------|---------|---------|-----------------------|---------|---------|---------|------------------------|
| Revenues | 34488.6 | 35494.7 | 33905.6 | -0.8 | 35789.1 | 38561.5 | 43039.1 | 8.3 |
| EBIDTA | 6259.8 | 7585.0 | 6006.2 | -2.0 | 6535.9 | 7171.9 | 8207.8 | 11.0 |
| EBIDTA Margins(%) | 18.2 | 21.4 | 17.7 | | 18.3 | 18.6 | 19.1 | |
| Adjusted PAT | 4137.6 | 5424.7 | 3842.7 | -3.6 | 4307.7 | 4804.0 | 5567.3 | 13.2 |
| EPS (Rs.) | 43.7 | 57.9 | 38.7 | | 46.5 | 51.7 | 59.9 | |
| PE (x) | 59.5 | 45.3 | 63.2 | | 56.4 | 50.8 | 43.8 | |
| EV to EBIDTA (x) | 40.3 | 33.3 | 42.1 | | 38.3 | 34.8 | 30.3 | |
| RoE (%) | 28.4 | 32.0 | 20.9 | | 22.3 | 23.3 | 24.9 | |
| RoCE (%) | 20.6 | 21.6 | 15.2 | | 16.3 | 17.4 | 18.8 | |

Source: Company, ICICI Direct Research

Q3FY26 – Key Performance Highlights

- Consolidated revenues grew by 3.7% YoY to Rs.8867cr. Revenue growth was driven by 4.2% YoY growth in standalone decorative paints business and 5% YoY growth in the international business.
- Domestic decorative paint business volumes reported 7.9% YoY growth while revenues grew by 2.8% YoY. Revenue growth was slower due to compressed festive season such as early Diwali leading to lower number of festive days in October. Industrial business grew by 17% YoY to Rs.1,048cr in Q3FY26 aided by automobile, general industrial and protective coatings.
- Gross Margins improved by 197bps YoY to 44.4%. Improvement in gross margins is attributed to 1.1% deflation in raw material cost coupled with better sourcing and other efficiencies. EBITDA margins improved by 94bps YoY to 20.1%. EBITDA margins witnessed improvement led by various cost efficiency measures taken by the company. EBITDA stood at Rs.1781cr growing by 8.8% YoY.
- The volume-value gap stood at 5% in Q3FY26 and is expected to stay in the range ahead.
- International business revenues grew by 6.3% in INR terms (4.4% YoY CC terms) led by Sri Lanka, UAE and Ethiopia. African business revenues grew by 6.3% YoY to Rs.153cr. Middle East reported 8.3% YoY revenue growth to Rs.328cr and Asia delivered 5.6% YoY growth to Rs.361cr. South Pacific revenues grew by 7.5% YoY to Rs.43cr. Improvement in profitability was aided by material deflation and divestment of loss-making Indonesia business. PBT for international business stood at Rs.77cr up by 26% YoY.
- Adjusted PAT grew by 5.4% YoY to Rs.1189.4cr led by better EBITDA and lower interest cost.
- The company recorded exceptional item pertaining to impairment of assets of White Teak Company and one time employee cost due to labour code changes. As a result, Reported PAT for Q3FY26 stood at Rs.1073.9cr declining by 4.8% YoY.

Q3FY26 – other key business highlights

- **Home Décor** – The segment witnessed 4% YoY growth in revenues to Rs.237.3cr. Improvement in performance was witnessed sequentially after the business returned to positive growth trajectory after 4 quarters. Kitchen which witnessed 2.5% YoY growth in revenues to Rs.105.4cr while losses declined to Rs.4cr in Q3FY26 compared to Rs.5cr in Q3FY25. Bath declined by 4.1% YoY to Rs.84cr while it achieved breakeven vs Rs.7cr in Q3FY25. White Teak revenues which grew by 12.3% YoY to Rs.29.2cr while Weatherseal grew by 58.6% YoY revenue growth to Rs.18.7cr in Q3FY26.
- **Industrial Business** grew by 17% YoY led by all round performance aided by PPGAP and APPPG to. PPGAP continued to be driven by strong traction from Automobile and General industrial segment growing by 16.9% YoY to Rs.713.3cr. PBT for PPGAP stood at Rs.179cr growing by 33%. Margin improved by 300bps YoY. Protective coatings led the growth in APPPG. APPPG grew by 16.6% YoY to Rs.334.7cr while PBT stood at Rs.27cr growing by 11% YoY. Margins stood at 8.0% declining by 40bps YoY.

9MFY26 – Key Performance highlights

- Consolidated revenues grew by 3.1% YoY to Rs.26,336.8cr. Revenue growth was driven by 3.2% YoY growth in standalone decorative paints business and 7% YoY growth in the international business.
- Domestic decorative paint business volumes reported 7.5% YoY growth while revenues grew by 2.4% YoY. Industrial business grew by 13% YoY to Rs.2,822.5cr in 9MFY26 aided by automobile, general industrial and protective coatings.

- Gross margins reported 148bps YoY improvement to 43.4% led by structural cost efficiencies and material deflation in raw material. EBITDA margins witnessed 75bps YoY improvement to 18.6%. EBITDA witnessed 7.4% YoY growth to Rs.4909.3cr
- International business revenues grew by 7% in INR terms led by Middle East and Asia to Rs.2491cr. PBT for 9MFY26 stood at Rs.191cr growing by 87% YoY.
- Adjusted PAT grew by 5.8% YoY to Rs.3324.7cr led by better EBITDA and lower interest cost.

Q3FY26 – Earnings Call highlights

- **Demand and Industry Outlook**
 - Demand environment remained challenging in Q3FY26 due to shorter festive season which impacted October sales; Demand has witnessed positive trends post October with November and December witnessing strong recovery.
 - Rural markets outperformed urban markets supported by good monsoons and improved consumer sentiments.
 - Industry growth remained muted and cyclical with some moderation in repairing frequency and discretionary spending shifts towards travel and experiences.
 - Industrial and B2B demand continued to remain strong supported by government infrastructure spending and private capex.
- **Volume, Value and Margin Guidance**
 - The management guided for high single digit volume growth with volume-value gap expected to remain at 5% due to mix skewed towards economy and upgrade segments. The volume-value gap has reduced from 6-8% to 5% on the back of premiumisation of the portfolio.
 - The management retained the EBITDA margin guidance at 18-20% despite being in the higher guided range in Q3FY26. The management expects continued competitive intensity, elevated industry investments, input cost volatility and intends to reinvest efficiency led gains into marketing, services and technology.
 - The company is not expecting to have any price cuts or changes in the near term. Price cuts is expected to be calibrated as per raw material situation.
- **Drivers of growth**
 - Growth was aided by continued focus on premiumisation and luxury products. PreLux portfolio continued to witness growth which has helped in overall realisation while Waterproofing segments also expanded meaningfully.
 - B2B and industrial coatings outperformed retail with strong growth in auto coatings, protective paints, powder coatings and government-led projects.
 - New Products continued to inch higher in the contribution to revenues. Contribution of new products to revenues stood at ~16%. Newer product innovations such as PU Gold will further contribute adding growth levers.
 - Distribution expansion remains key lever for growth with company adding ~3000-4000 dealers added during the year, expanding its reach to ~1.6 lakh outlets.
 - The company is focusing on services led differentiation through beautiful homes painting service and continues to drive higher

conversion, better execution quality and stronger customer satisfaction.

- Regionalisation strategy is aiding growth in select states through customised product packs, colour palettes and waterproofing solutions tailored to local preferences.
- Rural-focused initiatives such as Neo-bharat latex paints are helping capture demand from unorganised players and drive penetration in value conscious markets.
- The company is exploring cross-selling opportunities across paints, waterproofing services, home solutions to improve the wallet share of consumers and therefore aiming for meaningful revival of home décor business through this.

- **Other Businesses, International Business and Regional demand**

- The company expanded its home décor foray to 74 Beautiful Home décor stores during the quarter. Home décor forms 4-4.5% of the revenues with company now focused on driving profitability through methods such as cross-selling which will improve wallet share.
- International business reported mid-single digit growth of 6.3% YoY driven by Srilanka, UAE and Ethiopia. The company witnessed slower growth on constant currency terms as rupee depreciation continued to impacted the business. Pacific markets reported weak performance. The management is cautiously optimistic on international markets barring new term uncertainties across select geographies.
- Industrial coatings continued to outperform the decorative segment emerging as a key growth pillar amid a softer retail environment. Growth in the industrial coating was supported by 1) government infrastructure projects, 2) increased private capex 3) higher demand for protective and asset preservation coatings.
- The management highlighted strong traction in B2B services, including project supervision, technical warranties and customised coating solutions, improving customer stickiness.
- Overall, the management expects the industrial and coating business to outperform the decorative paints business thereby providing further lever for margin expansion.

- **Strategies**

- The company will have continued focus on brand-led growth with rising media and digital spends.
- Expansion of services will be long-term offering with Beautiful Homes painting, Total Assure, Smart Assure and Metacare being prime focus areas.
- Sustained investments in innovation AI and technology platforms will continue while ongoing structural cost optimisation will protect margins and competitive intensity.
- The overall long term-strategy of the company is to outperform the industry, gain market share and deepen presence in B2B, industrial coating and integrated home solutions market.

Revision in earnings estimates

We have reduced our earnings estimates for FY26E, FY27E and FY28E by 1.6%, 2.6% and 3.1% respectively to factor in lower than expected volume growth in the core decorative paints business.

Exhibit 1: Changes in headline estimates

| (₹ crore) | FY26E | | | FY27E | | | FY28E | | |
|-------------------|---------|---------|-------|---------|---------|-------|---------|---------|----------|
| | Old | New | % Chg | Old | New | % Chg | Old | New | % Chg |
| Net Revenues | 35987.9 | 35789.1 | -0.6 | 39237.2 | 38561.5 | -1.7 | 43799.5 | 43039.1 | -1.7 |
| EBIDTA | 6587.8 | 6535.9 | -0.8 | 7312.3 | 7171.9 | -1.9 | 8413.9 | 8207.8 | -2.4 |
| EBIDTA margin (%) | 18.3 | 18.3 | - | 18.6 | 18.6 | - | 19.2 | 19.1 | (10) bps |
| PAT | 4531.0 | 4458.4 | -1.6 | 5086.8 | 4955.3 | -2.6 | 5927.3 | 5742.7 | -3.1 |
| EPS (Rs.) | 47.2 | 46.5 | -1.6 | 53.0 | 51.7 | -2.6 | 61.8 | 59.9 | -3.1 |

Source: Company, ICICI Direct Research

Exhibit 2: Key operating assumptions

| (Year-end March) | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Standalone decorative paints | 29931.1 | 28448.0 | 29473.3 | 31307.0 | 34694.8 |
| yoy % | 2.8 | -5.0 | 3.6 | 6.2 | 10.8 |
| Decorative paint (volume growth %) | 10.0 | 3.0 | 8.5 | 9.6 | 10.3 |
| Home décor | | | | | |
| Kitchen | 393.6 | 393.5 | 390.5 | 449.0 | 516.4 |
| yoy % | -3.1 | 0.0 | -0.8 | 15.0 | 15.0 |
| Bath | 340.2 | 356.1 | 413.5 | 488.5 | 577.5 |
| yoy % | -20.0 | 4.7 | 16.1 | 18.1 | 18.2 |
| WhiteTeak | 133.5 | 106.8 | 99.8 | 123.6 | 153.0 |
| yoy % | 23.0 | -20.0 | -6.6 | 23.8 | 23.8 |
| Weatherseal | 51.7 | 52.5 | 73.8 | 91.3 | 113.0 |
| yoy % | 110.2 | 1.5 | 40.6 | 23.7 | 23.7 |
| International | 3076.1 | 3119.0 | 3444.4 | 3994.5 | 4638.5 |
| yoy % | -1.2 | 1.4 | 10.4 | 16.0 | 16.1 |
| Joint Ventures (50:50) | | | | | |
| PPGAP | 2014.6 | 2136.5 | 2450.4 | 2744.4 | 3073.8 |
| yoy % | 10.3 | 6.1 | 14.7 | 12.0 | 12.0 |
| APPPG | 1146.0 | 1192.7 | 1337.2 | 1470.9 | 1618.0 |
| yoy % | 12.6 | 4.1 | 12.1 | 10.0 | 10.0 |
| Total revenues | 35494.7 | 33905.6 | 35789.1 | 38561.5 | 43039.1 |
| yoy % | 2.9 | -4.5 | 5.6 | 7.7 | 11.6 |

Source: Company, ICICI Direct Research

Exhibit 3: Q3FY26 Standalone result snapshot (₹ crore)

| Particulars | Q3FY26 | Q3FY25 | y-o-y (%) | Q2FY26 | q-o-q (%) |
|---------------------------------|---------------|---------------|------------|---------------|------------|
| Total Revenue | 7624.5 | 7320.5 | 4.2 | 7356.3 | 3.6 |
| Raw Material Cost | 4185.6 | 4142.0 | 1.1 | 4129.5 | 1.4 |
| Employee Cost | 532.5 | 447.6 | 19.0 | 533.4 | -0.2 |
| Other Expenses | 1279.6 | 1222.5 | 4.7 | 1334.3 | -4.1 |
| Total Operating Cost | 5997.8 | 5812.2 | 3.2 | 5997.2 | 0.0 |
| Operating Profit | 1626.7 | 1508.4 | 7.8 | 1359.1 | 19.7 |
| Other Income | 257.8 | 226.5 | 13.8 | 232.0 | 11.1 |
| Interest & Other Financial Cost | 28.0 | 32.8 | -14.5 | 29.7 | -5.6 |
| Depreciation | 275.1 | 221.4 | 24.3 | 273.5 | 0.6 |
| Profit Before Tax | 1581.4 | 1480.7 | 6.8 | 1287.9 | 22.8 |
| Tax Expense | 434.0 | 372.1 | 16.6 | 368.5 | 17.8 |
| Adjusted PAT before MI | 1147.4 | 1108.6 | 3.5 | 919.4 | 24.8 |
| Exceptional Items | 122.1 | 0.0 | - | 0.0 | - |
| Reported PAT | 1025.3 | 1108.6 | -7.5 | 919.4 | 11.5 |
| Adj. EPS (Rs) | 12.0 | 11.6 | 3.5 | 9.6 | 24.8 |
| Margins | Q3FY26 | Q3FY25 | bps | Q2FY26 | bps |
| GPM (%) | 45.1 | 43.4 | 168 | 43.9 | 124 |
| OPM (%) | 21.3 | 20.6 | 73 | 18.5 | 286 |

Source: Company, ICICI Direct Research

Exhibit 4: Q3FY26 Consolidated result snapshot (₹ crore)

| Particulars | Q3FY26 | Q3FY25 | y-o-y (%) | Q2FY26 | q-o-q (%) |
|---------------------------------|----------------|----------------|-------------|----------------|-------------|
| Total Revenue | 8,867.0 | 8,549.4 | 3.7 | 8,531.3 | 3.9 |
| Raw Material Cost | 4,928.9 | 4,920.4 | 0.2 | 4,846.3 | 1.7 |
| Employee Cost | 689.5 | 615.1 | 12.1 | 686.2 | 0.5 |
| Other Expenses | 1,467.7 | 1,377.3 | 6.6 | 1,495.3 | -1.8 |
| Total Operating Cost | 7,086.1 | 6,912.7 | 2.5 | 7,027.9 | 0.8 |
| Operating Profit | 1,781.0 | 1,636.7 | 8.8 | 1,503.4 | 18.5 |
| Other Income | 161.0 | 143.0 | 12.6 | 198.6 | -18.9 |
| Interest & Other Financial Cost | 47.9 | 55.8 | -14.1 | 43.9 | 9.3 |
| Depreciation | 313.1 | 255.6 | 22.5 | 304.9 | 2.7 |
| Profit Before Tax | 1,581.0 | 1,468.3 | 7.7 | 1,353.2 | 16.8 |
| Tax Expense | 457.3 | 389.7 | 17.3 | 373.3 | 22.5 |
| Adjusted PAT | 1,123.7 | 1,078.6 | 4.2 | 979.9 | 14.7 |
| Share of profit from associates | 65.8 | 49.8 | 32.0 | 38.3 | 71.7 |
| Adjusted PAT after MI | 1,189.4 | 1,128.4 | 5.4 | 1,018.2 | 16.8 |
| Exceptional Items | 115.5 | 0.0 | - | 0.0 | - |
| Reported PAT | 1,073.9 | 1,128.4 | -4.8 | 1,018.2 | 5.5 |
| Adj. EPS (Rs) | 12.4 | 11.8 | 5.4 | 10.6 | 16.8 |
| Margins | Q3FY26 | Q3FY25 | bps | Q2FY26 | bps |
| GPM (%) | 44.4 | 42.4 | 197 | 43.2 | 122 |
| OPM (%) | 20.1 | 19.1 | 94 | 17.6 | 246 |
| NPM (%) | 12.1 | 13.2 | -109 | 11.9 | 18 |
| Tax rate (%) | 28.9 | 26.5 | 238 | 27.6 | 134 |

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement

₹ crore

| (Year-end March) | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---------|---------|---------|---------|---------|
| Total Operating Income | 35494.7 | 33905.6 | 35789.1 | 38561.5 | 43039.1 |
| Growth (%) | 2.9 | -4.5 | 5.6 | 7.7 | 11.6 |
| Raw Material Expenses | 20090.2 | 19515.8 | 20220.8 | 21652.3 | 24037.4 |
| Gross Profit | 15404.5 | 14389.8 | 15568.2 | 16909.2 | 19001.8 |
| Gross Profit Margins (%) | 43.4 | 42.4 | 43.5 | 43.9 | 44.2 |
| Employee Expenses | 2326.2 | 2597.2 | 2805.0 | 3085.5 | 3455.8 |
| Advertisement & promotional expenses | 1242.3 | 1457.9 | 1789.5 | 1928.1 | 2065.9 |
| Other Expenditure | 4251.0 | 4328.5 | 4437.8 | 4723.8 | 5272.3 |
| Total Operating Expenditure | 27909.8 | 27899.4 | 29253.1 | 31389.7 | 34831.3 |
| EBITDA | 7585.0 | 6006.2 | 6535.9 | 7171.9 | 8207.8 |
| Growth (%) | 21.2 | -20.8 | 8.8 | 9.7 | 14.4 |
| Interest | 205.2 | 227.0 | 181.8 | 147.8 | 141.8 |
| Depreciation | 853.0 | 1026.3 | 1213.4 | 1285.4 | 1423.0 |
| Other Income | 688.0 | 572.6 | 615.9 | 681.3 | 796.9 |
| PBT | 7214.8 | 5325.5 | 5756.6 | 6419.9 | 7439.9 |
| Less Tax | 1790.1 | 1482.8 | 1448.9 | 1615.9 | 1872.6 |
| Adjusted PAT (before exceptional item) | 5424.7 | 3842.7 | 4307.7 | 4804.0 | 5567.3 |
| Growth (%) | 31.1 | -29.2 | 12.1 | 11.5 | 15.9 |
| Profit from associates | 133.0 | 140.7 | 150.8 | 151.3 | 175.4 |
| Adjusted PAT (after profit from associates) | 5557.7 | 3983.4 | 4458.4 | 4955.3 | 5742.7 |
| Exceptional item | 0.0 | 273.7 | 0.0 | 0.0 | 0.0 |
| Reported PAT | 5557.7 | 3709.7 | 4458.4 | 4955.3 | 5742.7 |
| EPS (Adjusted) | 57.9 | 38.7 | 46.5 | 51.7 | 59.9 |

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

| (Year-end March) | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------------|---------|---------|---------|---------|---------|
| Equity Capital | 95.9 | 95.9 | 95.9 | 95.9 | 95.9 |
| Reserve and Surplus | 18632.4 | 19303.9 | 20405.1 | 22003.2 | 23909.1 |
| Total Shareholders funds | 18728.3 | 19399.8 | 20501.1 | 22099.2 | 24005.0 |
| Minority Interest | 695.4 | 659.2 | 810.0 | 961.3 | 1136.7 |
| Total Debt | 5390.4 | 5112.3 | 3650.0 | 3650.0 | 3350.0 |
| Deferred Tax Liability | 352.2 | 404.9 | 445.4 | 489.9 | 538.9 |
| Long-Term Provisions | 222.6 | 257.8 | 283.6 | 311.9 | 343.1 |
| Other Non Current Liabilities | 34.5 | 45.6 | 45.6 | 45.6 | 45.6 |
| Total Liabilities | 25423.3 | 25879.6 | 25735.6 | 27557.9 | 29419.3 |
| Gross Block - Fixed Assets | 8251.9 | 11103.0 | 12103.0 | 13103.0 | 14703.0 |
| Accumulated Depreciation | 3805.7 | 4315.4 | 5528.7 | 6814.1 | 8237.2 |
| Net Block | 4446.2 | 6787.6 | 6574.3 | 6288.8 | 6465.8 |
| Capital WIP | 2698.4 | 1254.5 | 800.0 | 400.0 | 400.0 |
| Leased Assets | 1856.3 | 1843.7 | 1843.7 | 1843.7 | 1843.7 |
| Fixed Assets | 9000.8 | 9885.8 | 9218.0 | 8532.6 | 8709.5 |
| Goodwill & Other intangible assets | 844.2 | 588.8 | 509.6 | 509.6 | 509.6 |
| Investments | 1384.6 | 1479.8 | 1100.0 | 1400.0 | 1600.0 |
| Other non-Current Assets | 1157.5 | 1432.7 | 1576.0 | 1733.6 | 1907.0 |
| Inventory | 5923.4 | 6719.3 | 6667.6 | 7184.1 | 8018.2 |
| Debtors | 4889.1 | 4322.4 | 4608.5 | 4965.5 | 5306.2 |
| Current Investments | 3203.4 | 3245.0 | 3650.0 | 4750.0 | 5000.0 |
| Other Current Assets | 785.8 | 773.7 | 851.1 | 936.2 | 1029.8 |
| Loans & Advances | 1651.4 | 1158.1 | 1331.8 | 1531.6 | 1761.3 |
| Cash | 1083.9 | 765.9 | 1056.6 | 1194.0 | 1128.6 |
| Total Current Assets | 17537.0 | 16984.3 | 18165.5 | 20561.3 | 22244.2 |
| Creditors | 3831.3 | 3848.0 | 4155.0 | 4449.1 | 4741.6 |
| Provisions | 62.5 | 67.2 | 73.9 | 81.3 | 89.4 |
| Other Current Liabilities | 607.0 | 576.7 | 604.7 | 648.8 | 719.9 |
| Total Current Liabilities | 4500.8 | 4491.8 | 4833.5 | 5179.2 | 5550.9 |
| Net Current Assets | 13036.2 | 12492.5 | 13332.0 | 15382.2 | 16693.3 |
| Application of Funds | 25423.3 | 25879.6 | 25735.6 | 27557.9 | 29419.3 |

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

| (Year-end March) | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------------|---------|---------|---------|---------|---------|
| Profit/(Loss) after taxation | 4869.7 | 3410.8 | 3842.6 | 4274.1 | 4945.8 |
| Add: Depreciation & Amort. | 853.0 | 1026.3 | 1213.4 | 1285.4 | 1423.0 |
| Other income | 688.0 | 572.6 | 615.9 | 681.3 | 796.9 |
| Changes in the working cap. | -344.5 | 31.1 | -259.7 | -940.2 | -1266.7 |
| CF from Operating activities | 6066.2 | 5040.9 | 5412.1 | 5300.5 | 5899.0 |
| (Purchase)/Sale of Fixed Assets | -3907.9 | -1655.9 | -466.3 | -600.0 | -1600.0 |
| Investments & Bank balances | -326.3 | -136.7 | -25.3 | -1400.0 | -450.0 |
| Others | -4.7 | 7.2 | -1.6 | -1.8 | -2.0 |
| CF from Investing activities | -4238.9 | -1785.5 | -493.2 | -2001.8 | -2052.0 |
| (inc)/Dec in Loan | 975.4 | -278.1 | -1462.3 | 0.0 | -300.0 |
| Change in equity & reserves | 372.5 | 45.3 | 0.0 | 0.0 | 0.0 |
| Dividend paid | -3194.1 | -3357.2 | -3357.2 | -3357.2 | -3836.8 |
| Other | 259.1 | 16.6 | 191.3 | 195.9 | 224.4 |
| CF from Financing activities | -1587.2 | -3573.4 | -4628.2 | -3161.3 | -3912.4 |
| Net Cash Flow | 240.1 | -318.1 | 290.7 | 137.4 | -65.4 |
| Cash and Cash Equivalent (opening) | 843.8 | 1083.9 | 765.9 | 1056.6 | 1194.0 |
| Cash | 1083.9 | 765.9 | 1056.6 | 1194.0 | 1128.6 |
| Free Cash Flow | 2158.2 | 3384.9 | 4945.8 | 4700.5 | 4299.0 |

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

| (Year-end March) | FY24 | FY25 | FY26E | FY27E | FY28E |
|--------------------------|-------|-------|-------|-------|-------|
| Per share data (₹) | | | | | |
| Adjusted EPS | 57.9 | 41.5 | 46.5 | 51.7 | 59.9 |
| Cash EPS | 66.8 | 52.2 | 59.1 | 65.1 | 74.7 |
| BV per share | 195.2 | 202.2 | 213.7 | 230.4 | 250.3 |
| Cash per Share | 44.7 | 41.8 | 49.1 | 62.0 | 63.9 |
| Dividend per share | 33.3 | 35.0 | 35.0 | 35.0 | 40.0 |
| Operating Ratios (%) | | | | | |
| Gross Profit Margins | 43.4 | 42.4 | 43.5 | 43.9 | 44.2 |
| EBITDA margins (%) | 21.4 | 17.7 | 18.3 | 18.6 | 19.1 |
| (Adjusted) PAT Margins | 15.7 | 11.7 | 12.5 | 12.9 | 13.3 |
| Cash Conversion Cycle | 41.6 | 46.9 | 40.0 | 40.0 | 41.0 |
| Fixed asset turnover (x) | 3.3 | 2.6 | 2.8 | 3.1 | 3.5 |
| Return Ratios (%) | | | | | |
| RoE | 32.0 | 20.9 | 22.3 | 23.3 | 24.9 |
| RoCE | 21.6 | 15.2 | 16.3 | 17.4 | 18.8 |
| Valuation Ratios (x) | | | | | |
| P/E | 43.3 | 60.3 | 53.9 | 48.5 | 41.9 |
| EV / EBITDA | 31.8 | 40.2 | 36.6 | 33.2 | 28.9 |
| EV / Net Sales | 6.8 | 7.1 | 6.7 | 6.2 | 5.5 |
| Market Cap / Sales | 6.8 | 7.1 | 6.7 | 6.2 | 5.6 |
| Price to Book Value | 12.8 | 12.4 | 11.7 | 10.9 | 10.0 |
| Solvency Ratios | | | | | |
| Debt / EBITDA | 0.7 | 0.8 | 0.5 | 0.5 | 0.4 |
| Debt / Equity | 0.3 | 0.3 | 0.2 | 0.2 | 0.1 |

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%



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